

AR18

Superior
Propane Inc.



SUPERIOR PROPANE **A CORPORATE PROFILE**

WHOLLY OWNED
BY
NORCEN
ENERGY
RESOURCES LTD.

Superior Propane Inc. is Canada's largest marketer of propane, with a network of 107 retail Branches and approximately 1,400 refuelling centres across the nation. In addition to supplying propane for a full range of applications, Superior sells propane burning appliances and provides all related support services.

Superior's marketing programs encourage the use of propane by existing and new customers. The Company serves over 200,000 Canadians coast-to-coast.

Superior began in 1951, and operated at three locations in Ontario. During the next six years, 12 more Branch locations were established. Early 1958 saw Superior enter the Quebec market, eventually growing from two outlets and associated dealers, into a network of 17 integrated Branches at strategic locations. In those early years, propane was used primarily for residential and commercial cooking and heating.

Beginning in the mid-1960s, the Company extended operations into the Atlantic provinces, acquiring five Branches in Nova Scotia and two in Newfoundland. This was followed by progressively developing select locations in New Brun-

wick. The Atlantic Provinces network has since increased to 17 Branches.

With additional acquisitions in Manitoba and Alberta, Superior established a western presence. During this formative period, further applications were developed for the utilization of propane for agricultural crop drying, industrial heating and processing, and enhanced oil recovery. Early in 1968 Superior built three plant and office facilities in British Columbia. Currently the Company operates 36 Branches in the Western Region.

Fears of oil shortages in 1979 helped to create the National Energy Program of 1980 and its mandate to find alternatives to oil. By spring 1980, propane was promoted as a viable substitute for gasoline. Superior reacted quickly to this new market opportunity. It established an auto conversion dealer and



vehicle fuelling network, capturing a significant share of the Canadian automotive market.

In 1986, Superior became a wholly owned subsidiary of Norcen Energy Resources Limited, a well respected Canadian-owned natural resource enterprise. A new company was formed on June 2, 1986, which integrated the three Norcen propane holdings of Cigas Products Ltd., Monarch Propane Limited, and the business and assets of Superior Propane into one national entity, Superior Propane Inc. The new company now has approximately 40% of the Canadian market. The Company has benefitted from the expertise which Norcen has gained from its years in the energy business.

Superior is a full service propane operation. Its objective is to identify and satisfy the energy requirements of all segments of the marketplace. The Company supplies propane fuelled equipment and appliances and provides related customer service, training and support. Superior aggressively seeks and develops new applications for propane and works to educate the public in the safe use of propane and

related equipment. The Company is dedicated to a philosophy of customer supremacy, all encompassing service, technical expertise and safety, and continuation of a geographical and sectorially balanced business mix. By consolidating all of its propane operations into Superior, Norcen has been able to achieve operating efficiencies and economies of scale which will have lasting benefits.

Superior will concentrate on retaining, optimizing and increasing its customer base through continued emphasis on full service propane marketing, and by building upon the national brand identity of Superior Propane Inc.

Classified as a liquid petroleum gas (LPG), propane is stored and transported in a liquid state in pressure vessels. This property makes it easy to handle. It is a versatile and economical fuel which burns cleanly as a gas in appliances and equipment. As a portable fuel, propane has the flexibility to be utilized efficiently and safely where other energy sources cannot be applied. An odorant, methyl mercaptan, is deliberately added to propane to give it

a detectable odor should leakage occur. Propane gas is nontoxic. Propane storage vessels are made of heavy gauge steel and internal valve systems with built-in safety features conforming to provincial, national and international safety codes and regulatory standards.

Eighty per cent of Canadian propane comes from Western Canada's rich natural gas wells. At natural gas processing plants, propane is separated from well-head gas and readied for market. Oil refineries account for the remaining 20% of propane supply. Approximately 8 billion litres of propane are produced annually in Canada. Based on current natural gas reserves, propane is expected to remain in abundant supply well into the next century. Propane is transported from these sources by pipeline, railcar and bulk transport. As a major supplier of propane, Superior utilizes nearly 300 railcars and over 50 large propane transports to supply its distribution network.

Canada produces about 10% of the world's propane, and is a major supplier to the export market. In fact, more than one



▲ In keeping with its expansion objectives, Superior Propane is planning to open a number of new strategically located Branches.



▲ Propane tanks can be located at a Branch or on a company's premises.

requirements of all segments of the marketplace. The Company supplies propane fuelled equipment and appliances and provides related customer service, training and support. Superior aggressively seeks and develops new applications for propane and works to educate the public in the safe use of propane and

► Any delivery or service can be handled by Superior Propane's multi-purpose fleet, which includes cargo liners, service vans and delivery trucks.



third of Canada's surplus production is exported.

The domestic markets for propane, which account for 40% of Canada's production, include residential, commercial, industrial, agricultural, and the automotive sectors. Superior has established itself as the leading supplier in these markets.

In a continuing effort to serve its markets, Superior's strategy is one of total service. With a fleet of 900 distribution and service vehicles, Superior guarantees supply 24 hours a day, 7 days a week. From propane sales, service, support and training, to equipment and accessories, the Company provides everything needed by propane users. This means that Superior's customers—whether homeowners or large industrial users—are serviced from one of Superior's 107 outlets and showrooms. Each centre, staffed by employees knowledgeable in our products, sells and services a full range of propane burning appliances—furnaces, barbecues, stoves, washers, dryers and pool heaters. In keeping with its objectives of exploring opportunities for expansion, Superior is opening three new strategically located Branches in Charlottetown, Prince Edward Island; Drummondville, Quebec; and Dryden, Ontario.

Superior's employees and customers receive thorough

and continuous training.

The Company conducts training programs for site personnel in those industries that use propane. The Company has developed Canada's largest propane video training library for standardized training at each Branch. It is recognized that Superior has one of Canada's most progressive training programs. Since the inception of the program two years ago, each Branch has been equipped with the latest audio visual equipment. When commercial tapes are unavailable, Superior produces its own video resources in both English and French.

Video tapes are used to teach Superior's employees the facts about propane, the best way to sell barbecues and how to handle propane safely on a construction site. Company vehicle operators review safety procedures. Superior's customers and agents are shown how to fill propane cylinders safely and the correct procedures for auto propane refuelling. Local fire departments and other external agencies readily access Superior's video library to supplement their own training programs.

Proper procedures comprise a large component of the 100 video tape library. For an indus-

try deeply concerned with safety, using video tapes means employees receive standardized training. Topics are covered consistently and thoroughly, and correct information is always easily accessible in both official languages and in other languages as required.



▲ Centrally located distribution centre in Guelph, Ontario, provides quick parts and products delivery to Branches.

▲ 107 strategically located full-service Branches serve every major market in Canada.





The residential market is Canada's largest single use for propane. It is used for heating, water heating, clothes drying, and cooking on ranges and barbeques. Although consumption in this sector is static due to energy conservation and keen competition from other sources, it continues to

account for more than one-third of the propane industry's total demand. Superior has a number of innovative seasonal programs to maintain its dominant market position. It is the only propane company to offer a diversified range of residential appliances and services.



▲ In rural areas, thousands of Canadians count on propane to keep their homes warm and comfortable.



▲ With propane providing all the energy required for cooking, refrigeration and water heating, this Go Vacation vehicle is a home on wheels.



◀ Every summer, thousands of Canadians enjoy tasty meals cooked outdoors on propane barbeques.

▼ Water heating is efficient and economical with propane.



◀ Showroom in Guelph, Ontario, Branch includes a complete line of name-brand appliances.





Superior has the industry reputation of being not only the innovator, but also the primary marketer in the commercial sector. In this market, propane is used for cooking and heating in the hospitality and food service industries, for large heating requirements such as ware-

houses, municipal facilities and sports arenas, and heating for the construction industry. Superior is a leader in developing and installing on-site propane heating systems for construction and roofing projects.



▲ Propane ranges provide instant temperature control for chefs at the Rustik Restaurant in Chateaugay, Quebec, just outside Montreal.



▲ Dairytown Products, a milk processor in Sussex, New Brunswick, uses a propane industrial dryer to manufacture powdered milk for Canadian and world markets.



◀ Glass produced in the Two Hot Glass shop in St. George, New Brunswick, takes final shape in a propane furnace.



▶ Although the 400 Market in Barrie, Ontario, is the size of a football field, it is still kept comfortable by propane tube heating systems.

◀ A Burger King outlet just north of Toronto keeps business cooking with propane ranges.



▲ Propane-heated exercise pool and hot tub are popular spots at a senior citizens' home near Toronto.



▶ Scotia Textiles of Moncton, N.B., uses propane heat to dry fabrics.



▶ Propane provides space heating in thousands of winter construction sites across Canada.





Superior propane has the largest auto propane agent, retail, and fleet representation in Canada. A growing contribution to demand is attributable to the increased use of propane as an automobile fuel. This use now accounts for approximately one fifth of total Canadian propane

consumption. It is estimated that as many as 130,000 vehicles in Canada are now converted to operate on propane. At present, Superior operates 36 integrated auto propane centres, which are active in the conversion of targeted commercial fleets.



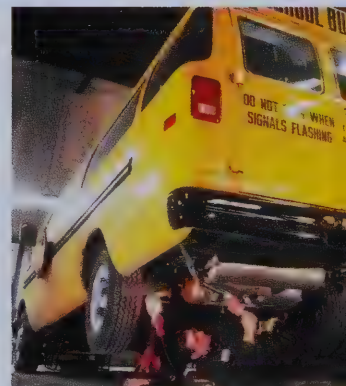
▲ *Lorne Wilson of Snelgrove, Ontario, is reaping substantial savings by running his fleet of school buses with auto propane.*



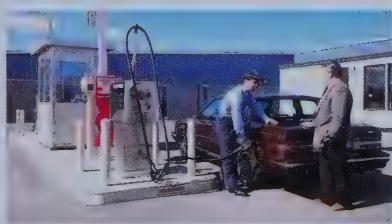
▲ More than 1,000 fleet accounts are serviced by Superior Propane.

► Relatively few parts are required to convert a gasoline engine to propane, an important reason why propane vehicles are so reliable.

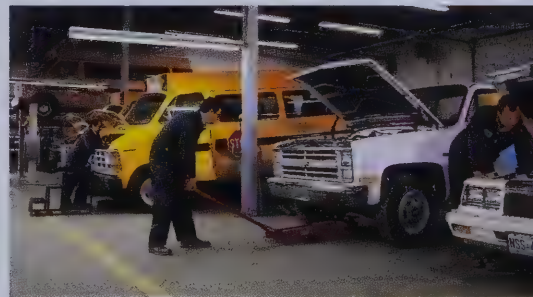
◀ Fuel savings and extended mileage are two important reasons why several police departments are switching increasing numbers of their fleet vehicles from gasoline to auto propane.



▼ Employees at the Bowes Road Conversion Centre in Concord, Ontario, employ the latest technology for automotive conversions.



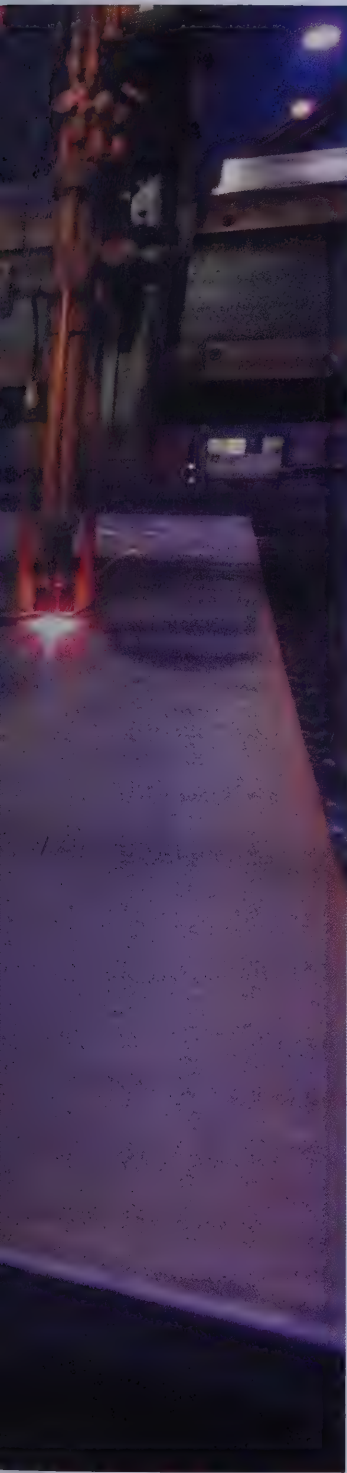
◀ Company-owned Propane Stops are strategically located in Superior Propane's 1,400 outlet network across Canada.





In the industrial market, Superior is the largest marketer of propane for fork lift applications. Uses of propane in industry are virtually endless. Propane has gained widespread use in fork lift trucks. Excellent fuel efficiency, extended engine life, and the absence of smoke or noxious

fumes make it popular in factories and warehouses. Other major uses for propane include process heating and heat treating.



▲ In Amherst, Nova Scotia, Robb Engineering's steel-cutting propane powered torches provide extremely clean and sharp cuts.



▲ Propane heat provides the finishing touch to carton tubes manufactured by Sonoco in St. Romuald, a town just outside Quebec City.



◀ Large cylinder trucks minimize transportation and delivery expenses.



▲ Propane is ideal for heavy-duty work, such as large industrial boiler applications at the Scott Maritimes Ltd. paper mill in Abercrombie, Nova Scotia.



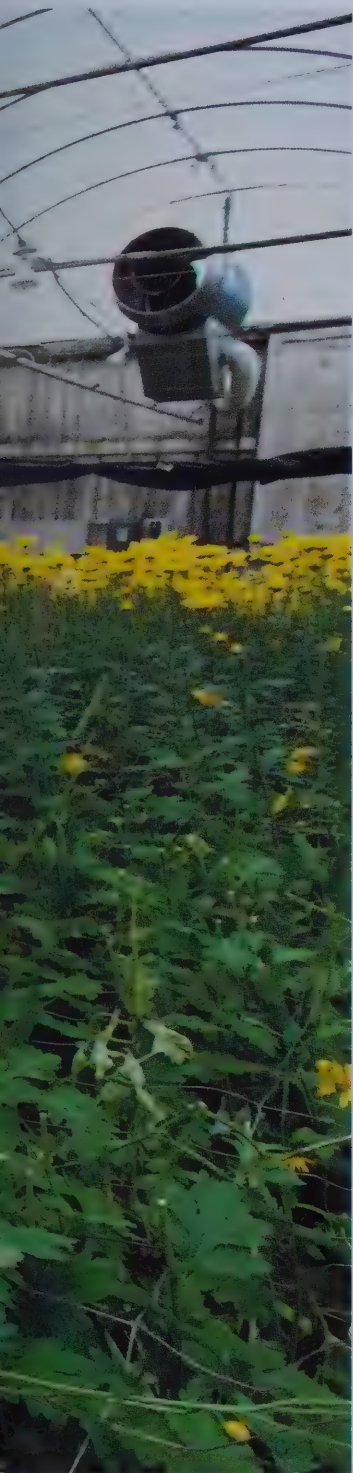
► A unique process developed by Xactics, a company in Saint John, New Brunswick, depends in part on high-intensity heat from a propane furnace.



◀ Oil wells in remote areas near Lethbridge, Alberta, run day and night on propane.



Superior has maintained a strong presence in the agricultural sector. Applications include heating for pig and poultry brooding, the drying of grain and the curing of tobacco. In particular, Superior is at the leading edge in the introduction of safe infrared radiant tube heating systems for poultry brooding.



▲ Carbon dioxide produced by propane burners helps induce colourful results year-round in Royal Gardens' greenhouse near Sussex, New Brunswick.



▲ Versatile propane unit heaters can be adapted to numerous applications, including the warming of new-born pigs in a breeding farm near St. Romuald, Quebec.



▲ Warmth provided by propane heaters keeps chickens growing fast in a Smithville, Ontario, breeding farm.

► Grain drying application in Taber, Alberta.



▼ Tobacco farmers dry their crops in propane heated enclosures.





OF PRIME IMPORTANCE TO SUPERIOR IS THE TECHNICAL INTEGRITY AND SAFETY OF PROPANE. Superior Propane continues in the forefront of co-ordinated industry and government efforts to influence the development of comprehensive guidelines and procedures for the safe handling, transportation and

installation of propane and propane equipment. As a member of the industry agency, LPG Assistance Corp., Superior fully supports its aims and objectives concerning the handling of emergency response situations in Canada. The Company maintains liability insurance coverage far in excess of the industry average to

cover all eventualities in transport, handling and the re-sale of propane. Superior has an extensive inspection program that complies with and exceeds government requirements for all propane dispensers and customer installations. All its employees are comprehensively trained and fully licensed in the handling of



▲ Mechanics at the Concord, Ontario, integrated conversion centre and other centres across Canada receive regular training on the latest advances in automotive technology.



▲ A dynamometer is part of the highly advanced diagnostic equipment at the Bowes Road conversion centre in Toronto.

◀ Site planning and drafting are provided by Superior Propane for new auto propane outlets.

▼ Repair shop in Guelph, Ontario, Branch provides quick turn-around on damaged pumps and other parts.



▲ Training centre in Concord, Ontario, has the best selection of training materials in the industry.



▲ All work meets or exceeds the National Standard of Canada Propane Installation Code.



▼ Conversion centres offer the latest equipment, including a diagnostic computer used to set up an engine for optimal performance.



◀ Portable tank refurbishing trailers travel across Canada, saving customers the cost of sending damaged or worn tanks to the company's tank refurbishing plant in Courtland, Ontario.



propane. Clearly, safety is a vital concern. As such, the Company will continue to be in the vanguard of change.

Superior values the long standing relationships it has fostered with governments, associations and community service organizations. It meets regularly with various levels of government authorities and agencies—federal, provincial and

municipal—to discuss and advise on matters pertaining to policy, regulations and taxation. As the major stakeholder in the propane industry, Superior promotes the close association between industry and government in order to optimize and complement government program initiatives.

Superior Propane maintains a proactive and high profile within the Propane

Gas Association of Canada Inc. (PGAC) and the National LP-Gas Association (NLPGA), through active participation as directors and committee members. As a market leader, the Company acknowledges the importance of promoting and developing the propane industry in Canada so that it may serve the best interests of its members and the public. In addition, the Company supports and participates in local, regional and national community social service and non-profit organizations. Many of the Company's employees are active members of service clubs and community organizations, thereby contributing to the quality of life in the communities in which they reside.

With over 1,600 employees nationwide, Superior Propane realizes the importance of this valuable resource base. The Company has worked hard to create a working environment that encourages employee commitment and innovation. It has implemented a comprehensive human resources policy. Employee communications are a number one priority for nurturing and sustaining exemplary relationships with employees. Monthly communication sessions

are conducted at each Branch. An open door policy is encouraged throughout the organization. In order to recognize employee participation, the Company has introduced an employee newsletter to encourage communication and information flow across Canada. Knowing that employees can make valuable contributions to the Company's success, Superior has initiated an employee suggestion plan.

Superior has recognized that propane must be marketed in the most professional manner to compete as a viable alternative energy source. On a periodic basis, Superior Propane holds a three-day Products Symposium bringing approximately 850 people together from across Canada. This gives an opportunity for all marketing and service employees to interact with key suppliers. Delegates examine the latest innovations in propane products and services. Superior appreciates the importance of the relationship with its supplier community. It has established a Supplier Review Committee which meets regularly with suppliers to evaluate and review product development and new applications.

Superior has dedicated itself

to meeting its shareholders' requirements. The mission of the Company's Corporate Office is to serve its decentralized marketing and operating Branches across Canada. The Corporate Office assumes the responsibility for planning, strategic direction, financial management, human resource management, and provision of all business related services in support of the national field organization. The mandate of the field organization is to manage customer relationships and needs, and to execute their responsibilities in an ethical and professional manner.

The Superior organization is focused. Each and every employee is ready to meet the objectives of the Company and the industry. Superior Propane Inc., as Canada's leading marketer of propane and propane consuming products, is sensitive to the needs of all segments of the marketplace. It will maximize the Company's potential through the identification and satisfaction of consumers' energy requirements. Superior will continue its aggressive marketing efforts and will seek opportunities to expand selectively into regions it does not now serve.

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